



INTERIM REPORT

3RD QUARTER 2023



Oslo, Norway, November 15, 2023 – Nykode Therapeutics ASA (OSE: NYKD), a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunotherapies, today announced its unaudited financial results for the quarter ended September 30, 2023.

FINANCIAL RESULTS FOR Q3 2023

- Total revenue and other income of USD 2.8 million, compared to USD 1.3 million for the third quarter of 2022.
- Total operating expenses of USD 17.1 million, compared to USD 21.2 million for the third quarter of 2022.
- Net loss of USD 10.2 million, compared to a net loss of USD 14.9 million for the third quarter of 2022.
- Strong cash position of USD 159.1 million as of September 30, 2023.

HIGHLIGHTS FOR Q3 2023

Highlights for the third quarter 2023

- FDA approval of the investigational new drug (IND) application for VB-C-04. This is the trial of VB10.16 in combination with Roche's checkpoint inhibitor atezolizumab (Tecentriq®¹) in HPV16-positive recurrent or metastatic cervical cancer patients. Nykode is on track to initiate the trial in the fourth quarter of 2023.
- Initiated the VB-C-03 trial with VB10.16 in combination with KEYTRUDA®² (pembrolizumab) in patients with PD-L1 positive 1st line unresectable recurrent or metastatic head and neck cancer.
- Safety clearance of the 9 mg dose of VB10.NEO has been conducted in the VB-N-02 trial, with no safety concerns.
- Hosted Capital Markets Days in New York and Oslo, with participation from Dr. Bradley Monk, M.D., Professor of Gynecologic Oncology and Director, GOG-Partners. Nykode presented previously un-published data from both VB10.16 and VB10.NEO, substantiating the long-lasting immune responses supporting development opportunities in both advanced and earlier treatment settings. In addition, Nykode informed that the partnership with Regeneron is moving closer to lead candidate selection. It also showcased preclinical data generated by Regeneron demonstrating that Nykode's Antigen Presenting Cell (APC) targeting vaccines induce potent T cell responses against targets subject to central tolerance. Furthermore, Nykode presented compelling preclinical data across different autoimmune

disease models, opening a commercially attractive new therapeutic vertical for Nykode.

Highlights after September 30, 2023

- Nykode presented data on mRNA delivery of Vaccibodies, its APC-targeted vaccine technology. The data demonstrated that Vaccibodies consistently result in faster, broader and stronger immune responses compared to non-targeted vaccines, whether delivered as DNA or mRNA.
- Successfully completed a private placement of USD 45 million in gross proceeds, with the aim to broaden the existing shareholder base with international investors ahead of an envisaged future U.S. listing. The private placement was multiple times oversubscribed and saw significant participation from international life science specialist investors.
- Received a letter from the Norwegian Tax Authorities (NTA) where they reiterated their position that the up-front payments received under a license agreement entered into in 2020 should be recognized as taxable income in full in 2020, rather than the use of taxable gain/loss account. The decision will generate a payable to the NTA of approximately USD 30 million in the fourth quarter of 2023. Nykode continues to believe that the use of taxable gain/loss account is the appropriate treatment, a view which has also been confirmed with third party tax experts, and will appeal the decision.

¹ Tecentriq® is a registered trademark of the Roche Group

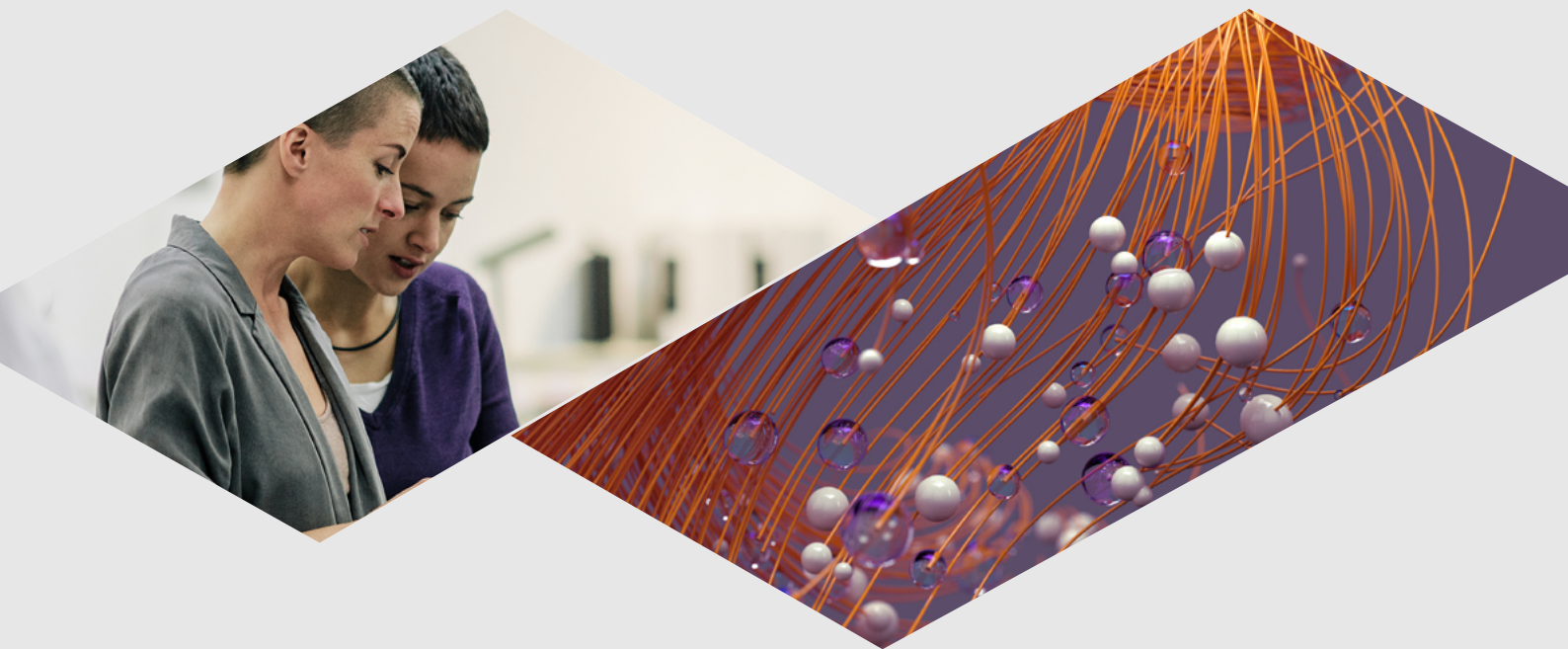
² KEYTRUDA® is a registered trademark of Merck Sharp & Dohme LLC, a subsidiary of Merck & Co., Inc., Rahway, NJ, USA



Michael Engsig, Chief Executive Officer at Nykode, comments:

“We have successfully raised USD 45 million in gross proceeds which will enable us to further pursue our

vision of building a leading immunotherapy company. The incoming specialist investors is a true testament to the great potential of our unique platform, the first-class partnerships and the advanced pipeline. Our progress in advancing the development of our wholly owned cancer vaccine, VB10.16, is truly remarkable. We have initiated the C-03 trial expanding into head and neck cancer and received IND approval for the potential registrational trial C-04, in cervical cancer. Furthermore, our research endeavors have yielded promising results in autoimmune disease models, creating opportunities for an extensive new therapeutic focus area. Notably, we’ve conducted experiments with the Vaccibody platform in the mRNA format, affirming its capacity to generate superior immune responses and demonstrating its potential for broad applications and partnerships “



KEY FINANCIAL FIGURES

| Amounts in USD '000 | 3rd Quarter | | Nine months ended | | Full year |
|--|-----------------|-----------------|-------------------|-----------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Total revenue and other income | 2,811 | 1,282 | 11,218 | 5,729 | 9,029 |
| Total operating expenses | 17,122 | 21,187 | 52,151 | 44,503 | 62,185 |
| Operating profit (loss) | (14,311) | (19,905) | (40,933) | (38,774) | (53,156) |
| Net profit (loss) for the period | (10,244) | (14,889) | (29,816) | (30,537) | (42,743) |
| Net cash flow | (14,547) | (570) | (47,030) | (2,648) | (9,285) |
| Cash and cash equivalents, end of period | 159,132 | 212,021 | 159,132 | 212,021 | 206,386 |
| Outstanding shares, end of period | 295,494,309 | 290,069,409 | 295,494,309 | 290,069,409 | 294,694,309 |
| Cash and cash equivalents/total assets | 91 % | 93 % | 91 % | 93 % | 93 % |
| Equity ratio | 75 % | 73 % | 75 % | 73 % | 71 % |
| Equity | 130,298 | 167,111 | 130,298 | 167,111 | 157,018 |
| Total assets | 174,470 | 228,314 | 174,470 | 228,314 | 221,477 |
| Employees, average | 159 | 131 | 155 | 123 | 132 |
| Employees, end of period | 168 | 147 | 168 | 147 | 155 |



R&D UPDATE

Nykode's modular immunotherapy technology platform is versatile and may be adapted to generate immune therapies inducing the desired immune response profile. Hence, Nykode's platform may be applied across a broad range of oncology, infectious disease and autoimmune disorders.

Oncology

VB10.16

VB10.16 is a therapeutic vaccine directed against HPV16+ induced malignancies. The product candidate is wholly owned by Nykode.

- Clinical trial VB-C-02:
 - 3 mg dose, in combination with atezolizumab³
 - Cancer indication: HPV16+ advanced, non-resectable cervical cancer
 - Clinical stage: Phase 2
 - Fully enrolled and has reported final efficacy and safety results
 - ClinicalTrials.gov Identifier: NCT04405349
- Clinical trial VB-C-03:
 - Up to 9 mg dose, in combination with pembrolizumab⁴
 - Cancer indication: HPV16+ non-resectable, recurrent or metastatic squamous cell head and neck cancer
 - Clinical stage: Phase 1/2a
 - ClinicalTrials.gov Identifier: NCT06016920
- Clinical trial VB-C-04:
 - 9 mg dose, in combination with atezolizumab³.
 - Cancer indication: HPV16+ recurrent/metastatic cervical cancer and refractory to pembrolizumab with chemotherapy with or without bevacizumab
 - Clinical stage: Phase 2 – potentially registrational trial
 - ClinicalTrials.gov Identifier: NCT06099418

Status and highlights

The VB-C-02 trial in cervical cancer patients reported positive final efficacy and safety data. The results showed durable anti-tumor activity with an expected median overall survival of more than 25 months (median had not yet been reached at time of analysis) and a median progression free survival of 6.3 months in PD-L1+ patients. VB10.16 was safe and well tolerated in combination with atezolizumab. The data announced indicates an enhanced clinical activity over checkpoint inhibitor monotherapy and existing standard of care. It supports the next steps for Nykode's potentially registrational VB-C-04 trial which will enroll PD-L1+ patients with up to one prior line of systemic therapy.

The VB-C-03 trial in head and neck cancer patients has been initiated. The trial will be conducted in Europe, and the first sites have been opened in Norway and the U.K.

Nykode received FDA approval of the IND VB-C-04 trial in recurrent or metastatic cervical cancer and is on track to initiate the trial in the fourth quarter of 2023.

VB10.NEO

VB10.NEO is an individualized neoantigen cancer vaccine targeting multiple cancer indications. VB10.NEO is exclusively licensed to Genentech, a member of the Roche group.

- Clinical trial VB-N-01:
 - VB10.NEO, 3 mg dose in combination with a CPI
 - Cancer indications: Melanoma, non-small cell lung cancer (NSCLC), clear renal cell carcinoma, urothelial cancer or squamous cell carcinoma of the head and neck (SCCHN)
 - Clinical stage: Phase 1/2a
 - Finalized
 - ClinicalTrials.gov Identifier: NCT03548467
- Clinical trial VB-N-02:
 - VB10.NEO, 3-9 mg dose escalation, in combination with atezolizumab
 - Cancer indications: Locally advanced and metastatic tumors covering more than ten indications
 - Clinical stage: Phase 1b
 - ClinicalTrials.gov Identifier: NCT05018273

³ Atezolizumab is supplied by Roche. Nykode retains all commercial rights to VB10.16 worldwide.

⁴ Pembrolizumab is supplied by MSD. Nykode retains all commercial rights to VB10.16 worldwide.

Status and highlights

As per protocol, a safety clearance of the 9 mg dose has been conducted in the VB-N-02 trial with VB10.NEO, with no safety concerns. In-depth analysis of data stemming from Nykode's fully personalized neoantigen trial, VB-N-01, was presented at the Capital Markets Day. Multiple vaccinations were found to boost the breadth and magnitude of functional T cell responses. In addition, 48% of treatment-induced de novo T cell responses were still functionally active 50 weeks after the last dose of VB10.NEO. This evidence reaffirms the ability to generate long-lasting T cell responses.

Infectious Diseases

Nykode continues to explore the potential of the platform in infectious diseases in collaboration with our partners.

Autoimmune disorders

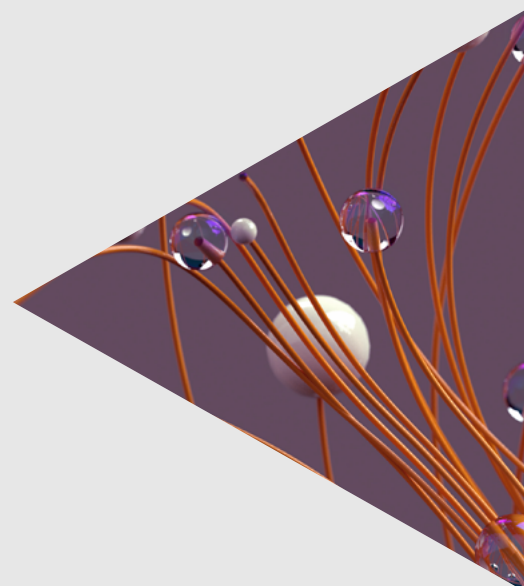
Autoimmune disorders are caused by unwanted immunogenicity to self-antigens. Antigen-specific tolerization for the treatment of autoimmune diseases, or inverse vaccination, has the potential to suppress autoimmunity without compromising normal immune function. The approach may potentially be used to treat allergies, autoimmune diseases and organ transplant rejection.

Nykode's platform is uniquely positioned to induce tolerogenic T cell responses through specific targeting of tolerogenic dendritic cells (DC).

At its Capital Markets Day, Nykode presented results demonstrating how its modular Vaccibody technology prevents serious disease in a Multiple Sclerosis (MS)-like mouse disease model. Disease prevention was demonstrated using targeting modules directed to different targets on tolerogenic DCs. Inverse vaccination based on Nykode's APC targeted technology prevented diabetes in a spontaneous type 1 diabetes mouse model. The addition of Nykode's proprietary 4th module technology further enhanced therapeutic efficacy in the model.

Other

At the mRNA Cancer Vaccines Summit 2023 in Boston, Nykode presented data on delivery of APC targeted neoepitope vaccines using mRNA-LNP. mRNA delivery of APC targeted vaccines led to faster and broader T cell responses compared to standard mRNA vaccines with identical antigens in a head-to-head comparison. Almost a doubling of the number of immunogenic antigens was observed when targeting these to APCs compared to no targeting. The immune responses were primarily driven by CD8 T cells. Thus, whether delivered via DNA or mRNA, the APC targeted approach is superior leading to stronger and broader T cell responses.



FINANCIAL REVIEW

(Numbers in brackets are for the corresponding period versus the previous year unless otherwise specified)

Income statement for the third quarter 2023

The third quarter of 2023 showed a net loss of USD 10.2 million compared to a net loss of USD 14.9 million for the same period in 2022.

Total revenue and other income amounted to USD 2.8 million, compared to USD 1.3 million for the same period in 2022. The increase is mainly due to the increased activities related to the R&D services provided over time under the agreement with Genentech.

Total operating expenses amounted to USD 17.1 million, compared to USD 21.2 million for the same period in 2022. Other operating expenses decreased from USD 14.8 million in the third quarter of 2022 to USD 9.8 million in the third quarter of 2023, mainly driven by the recognition of a non-recurring cost of USD 6.3 million related to an onerous contract for R&D services in 2022. Employee benefit expenses were USD 6.8 million in the third quarter of 2023 (USD 5.9 million). The increase in employee benefit expenses is mainly due to the increased number of employees.

Net financial income and expenses were positive USD 1.9 million in the third quarter of 2023 (USD 0.7 million positive). Finance income and finance expense mainly relate to interest income, movements in foreign currency exchange rates and interest expense on lease liabilities.

The Group recognized tax income of USD 2.2 million in the third quarter of 2023 compared to a tax income of USD 4.3 million in the same period of 2022. The income tax expense is primarily related to movement in deferred tax.

Income statement for the nine months ended September 30, 2023

The net result for the nine months ended September 30, 2023 was a net loss of USD 29.8 million compared to a net loss of USD 30.5 million for the same period in 2022.

Total revenue and other income amounted to USD 11.2 million compared to USD 5.7 million for the same period in 2022. The increase is mainly due to the increased activities related to the R&D services provided over time under the agreement with Genentech.

Total operating expenses amounted to USD 52.2 million compared to USD 44.5 million for the same period in 2022. Other operating expenses decreased from USD 32.5 million in the nine months ended September 30, 2022 to USD 32.0 million in the nine months ended September 30, 2023, mainly driven by the recognition of a non-recurring cost of USD 6.3 million related to an onerous contract for R&D services in 2022. Employee benefit expenses were USD 18.6 million (USD 10.6 million). The increase in employee benefit expenses is due to the increased number of employees and a smaller decrease in the social security cost accrual related to share-based payments. The reduction in the social security cost accrual related to share-based payments during the nine months ended September 30, 2023 was USD 0.4 million (USD 7.0 million decrease).

Net financial income and expenses were positive USD 6.3 million in the nine months ended September 30, 2023 (USD 0.1 million positive). Finance income and finance expense mainly relate to interest income, movements in foreign currency exchange rates and interest expense on lease liabilities.

The Group recognized tax income of USD 4.8 million compared to USD 8.1 million in the same period of 2022. The income tax expense is primarily related to movement in deferred tax.

Statement of financial position

Cash and cash equivalents amounted to USD 159.1 million at September 30, 2023 compared to USD 206.4 million at December 31, 2022. The decrease in cash is mainly a result from operating activities.

Total equity amounted to USD 130.3 million at September 30, 2023, compared to USD 157.0 million at December 31, 2022. The change mainly reflects the net loss for the period of USD 29.8 million, the exercise of warrants and recognition of share-based payments.

Trade receivables amounted to USD 0.5 million at September 30, 2023, compared to USD 2.5 million at December 31, 2022.

Trade and other payables amounted to USD 7.0 million at September 30, 2023, compared to USD 10.2 million at December 31, 2022. The decrease is mainly due to a

reduction in accounts payable at the end of the quarter compared to year-end.

At September 30, 2023, total contract liability amounted to USD 10.2 million, compared to a contract liability of USD 19.7 million at December 31, 2022. The contract liability is mainly due to timing of invoicing to Genentech as well as recognition of the service component under the Genentech agreement.

Cash flow for the third quarter 2023

Net change in cash and cash equivalents was negative USD 14.5 million in the third quarter of 2023 compared to negative USD 0.6 million for the same period in 2022.

Net cash flow from operating activities was negative USD 13.3 million in the third quarter of 2023 (USD 8.0 million negative).

Net Cash flow from investing activities was negative USD 0.9 million in the third quarter of 2023 (USD 9.0 million positive). The amounts mainly relate to purchase of property, plant and equipment in the third quarter of 2023 and sale of money market funds in the third quarter of 2022.

Net Cash flow from financing activities was negative USD 0.3 million in the third quarter of 2023 (USD 1.6 million negative). The amounts primarily relate to payment of lease liabilities.

Cash flow for the nine months ended September 30, 2023

Net change in cash and cash equivalents was negative USD 47.0 million in the nine months ended September 30, 2023, compared to USD 2.6 million negative for the same period in 2022.

Net cash flow from operating activities was negative USD 49.7 million in the nine months ended September 30, 2023, compared to USD 9.6 million negative for the same period in 2022. This was primarily driven by the decrease in trade receivables due to the receipt of a milestone payment from Genentech in the first quarter of 2022 and a reduction in contract liability in 2023.

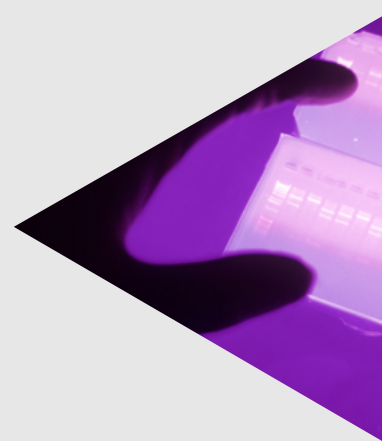
Cash flow from investing activities was positive USD 2.7 million in the nine months ended September 30, 2023 (USD 8.3 million positive). The amounts mainly relate to interest received in 2022 and 2023 and the sale of money market funds in 2022, offset by the purchase of property, plant and equipment.

Cash flow from financing activities was negative USD 0.0 million in the nine months ended September 30, 2023 (USD 1.4 million negative). The amounts primarily relate to proceeds from equity issuance, offset by payments of lease liabilities.

Subsequent events

On October 25, 2023, Nykode successfully completed a private placement of USD 45 million in gross proceeds through the issuance of 29,549,400 new shares. The aim of the private placement was to broaden the existing shareholder base with international investors ahead of an envisaged future U.S. listing. The private placement was multiple times oversubscribed and saw significant participation from international life science specialist investors.

On October 23, 2023, the company received a letter from the NTA where they reiterated their position that the up-front payments received under a license agreement entered into in 2020 should be recognized as taxable income in full in 2020, rather than the use of taxable gain/loss account whereby part of the taxable income would be deferred to subsequent years. The decision will generate a payable to the NTA of approximately USD 30 million in the fourth quarter of 2023. Nykode continues to believe that the use of taxable gain/loss account is the appropriate treatment, a view which has also been confirmed with third party tax experts. Nykode will appeal the decision and the company is now expected to settle the payable to the NTA while it awaits the outcome of such appeal (as is mandatory under Norwegian law).



OUTLOOK FOR THE NEXT 12 MONTHS

Expected outlook and upcoming milestones for Nykode's wholly owned programs include:

Initiation of the VB-C-04 trial (VB10.16), a U.S. focused potentially registrational trial in PD-L1+ patients with 2nd line recurrent/metastatic advanced cervical cancer in the fourth quarter of 2023.

Nomination of the next wholly owned oncology development candidate for a new internal oncology program in the fourth quarter of 2023.

Updated survival data from the VB-C-02 (VB10.16) Phase 2 trial enrolling patients with advanced cervical cancer planned for the first quarter of 2024.

Recommended Phase 2 dose for Part 2 for the VB-C-03 trial in PD-L1+ patients with 1st line recurrent/metastatic advanced head and neck cancer in the second half of 2024

Finalized enrollment for Part 1 of the VB-C-04 trial in the second half of 2024

Next update from the autoimmune disease program in the second half of 2024

The company is in continuous dialogue with academic and industrial entities and will announce new key collaborations and partnerships if or when they may occur. News flow from the programs under the Genentech and Regeneron agreements is subject to approval by the respective partners.

Disclaimer

This announcement and any materials distributed in connection with this announcement may contain certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect the company's current expectations and assumptions as to future events and circumstances that may not prove accurate.

A number of material factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

About Nykode

Nykode Therapeutics is a clinical-stage biopharmaceutical company dedicated to the discovery and development of novel immunotherapies for the treatment of cancer and autoimmune diseases. Nykode's modular vaccine technology specifically targets antigens to Antigen Presenting Cells, which have been shown to induce broad, strong and long-lasting antigen specific immune responses and eliciting efficacious clinical responses.

Nykode's lead product candidates are VB10.16, a therapeutic vaccine for the treatment of human papilloma virus (HPV)-16 induced malignancies which demonstrated positive efficacy and safety results from its Phase 2 trial for the treatment of cervical cancer; and VB10.NEO, an individualized cancer neoantigen vaccine, which is exclusively out-licensed to Genentech, a member of the Roche Group.

The company's partnerships include Genentech within oncology and a multi-target collaboration with Regeneron within oncology and infectious diseases.

Nykode Therapeutics' shares are traded on Oslo Stock Exchange (OSE). The ticker code is NYKD. Further information about Nykode Therapeutics may be found at <http://www.nykode.com> or you may contact the company at IR@nykode.com

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| Amounts in USD '000 | Notes | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---|-------|-----------------|-----------------|-----------------|-----------------|
| Revenue from contracts with customers | 4 | 2,760 | 648 | 10,886 | 4,478 |
| Other income | 5 | 51 | 634 | 332 | 1,251 |
| Total revenue and other income | | 2,811 | 1,282 | 11,218 | 5,729 |
| Employee benefit expenses | 6.1 | 6,790 | 5,897 | 18,590 | 10,620 |
| Other operating expenses | 6.2 | 9,785 | 14,831 | 32,007 | 32,511 |
| Depreciation | | 547 | 458 | 1,554 | 1,372 |
| Operating profit (loss) | | (14,311) | (19,905) | (40,933) | (38,774) |
| Finance income | | 3,586 | 3,073 | 9,431 | 6,096 |
| Finance costs | | 1,688 | 2,364 | 3,127 | 5,998 |
| Profit (loss) before tax | | (12,413) | (19,196) | (34,629) | (38,676) |
| Income tax expense (income) | | (2,169) | (4,306) | (4,813) | (8,139) |
| Profit (loss) for the period | | (10,244) | (14,889) | (29,816) | (30,537) |
| Other comprehensive income: | | | | | |
| <i>Items that subsequently may be reclassified to profit or loss:</i> | | | | | |
| Foreign currency translation effects | | 29 | (19) | 37 | 47 |
| Total items that may be reclassified to profit or loss | | 29 | (19) | 37 | 47 |
| Total other comprehensive income for the period | | 29 | (19) | 37 | 47 |
| Total comprehensive income for the period | | (10,215) | (14,908) | (29,779) | (30,490) |
| Earnings per share ("EPS"): | | | | | |
| Basic EPS - profit or loss attributable to equity holders | | (0.03) | (0.05) | (0.10) | (0.11) |
| Diluted EPS - profit or loss attributable to equity holders | | (0.03) | (0.05) | (0.10) | (0.11) |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

| Amounts in USD '000 | Notes | 30/09/2023 | 31/12/2022 |
|--------------------------------------|-------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 4,535 | 3,517 |
| Right-of-use assets | | 6,502 | 6,009 |
| Intangible assets | | 67 | 32 |
| Other long-term receivables | 4 | 5 | 46 |
| Total non-current assets | | 11,109 | 9,604 |
| Current assets | | | |
| Trade receivables | | 542 | 2,544 |
| Other receivables | | 3,687 | 2,943 |
| Cash and cash equivalents | | 159,132 | 206,386 |
| Total current assets | | 163,361 | 211,873 |
| TOTAL ASSETS | | 174,470 | 221,477 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 7 | 339 | 338 |
| Share premium | | 84,145 | 83,318 |
| Other capital reserves | | 13,924 | 11,694 |
| Other components of equity | | (3,007) | (3,044) |
| Retained earnings | | 34,897 | 64,713 |
| Total equity | | 130,298 | 157,018 |
| Non-current liabilities | | | |
| Non-current lease liabilities | | 4,387 | 4,365 |
| Non-current provisions | | 2 | 30 |
| Deferred tax liabilities | | 16,266 | 21,079 |
| Total non-current liabilities | | 20,655 | 25,474 |
| Current liabilities | | | |
| Government grants | 5 | 144 | 133 |
| Current lease liabilities | | 1,410 | 1,147 |
| Trade and other payables | | 7,001 | 10,175 |
| Current provisions | | 4,656 | 7,714 |
| Current contract liabilities | 4 | 10,223 | 19,736 |
| Income tax payable | | 83 | 80 |
| Total current liabilities | | 23,517 | 38,985 |
| Total liabilities | | 44,172 | 64,459 |
| TOTAL EQUITY AND LIABILITIES | | 174,470 | 221,477 |

Oslo, November 14, 2023

Martin Nicklasson
Chair of the Board

Anders Tuv
Board Member

Bernd Robert Seizinger
Board Member

Harald Arnet
Board Member

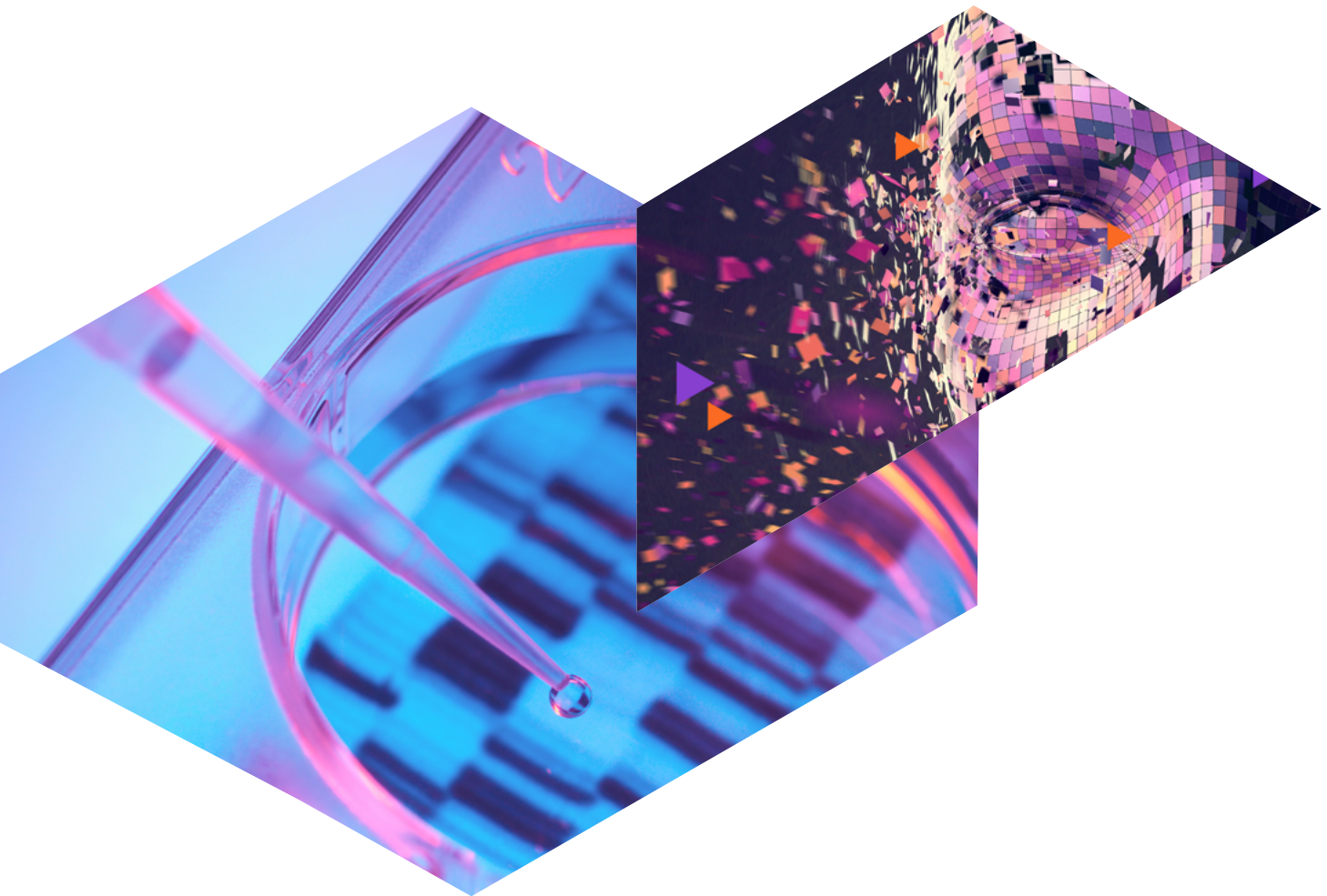
Birgitte Volck
Board Member

Christian Åbyholm
Board Member

Anne Whitaker
Board Member

Elaine Sullivan
Board Member

Michael Thyrring Engsig
CEO



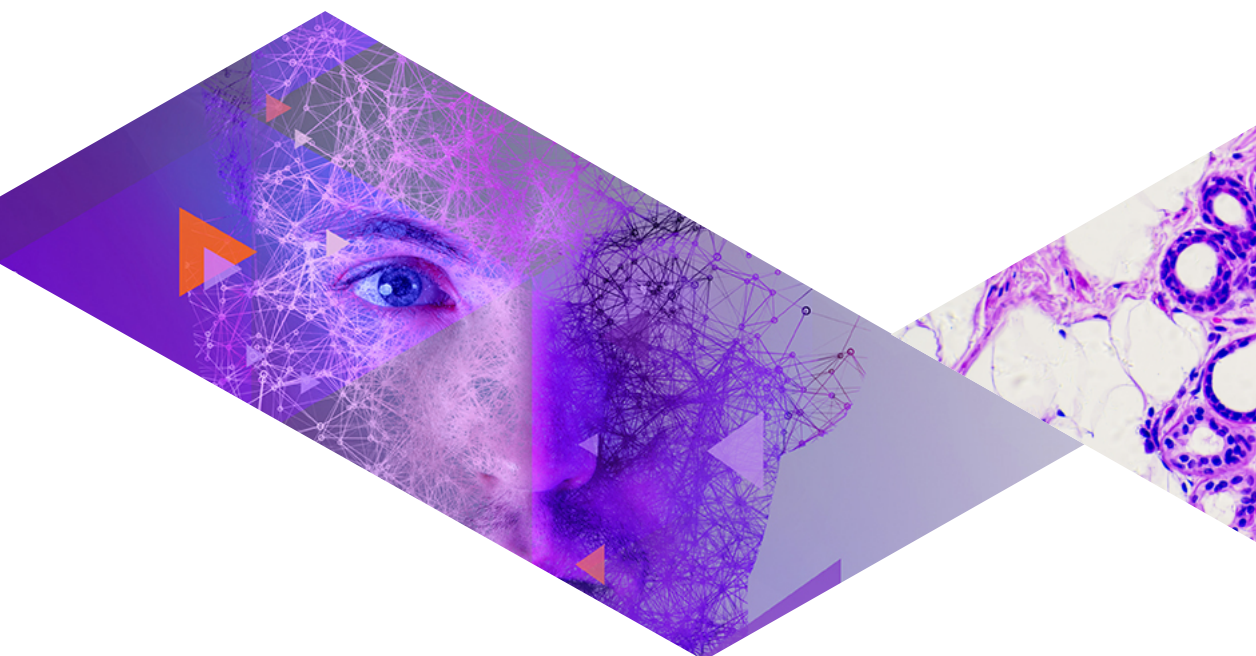
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

| Amounts in USD '000 | Notes | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---|-------|-----------------|----------------|-----------------|----------------|
| Cash flows from operating activities | | | | | |
| Profit (loss) before tax | | (12,413) | (19,196) | (34,629) | (38,676) |
| <i>Adjustments to reconcile profit before tax to net cash flows:</i> | | | | | |
| Net financial items | | 101 | 3,608 | (4,603) | 3,211 |
| Depreciation of property, plant and equipment | | 159 | 113 | 449 | 306 |
| Depreciation of Right-of-use assets | | 388 | 352 | 1,104 | 1,066 |
| Share-based payment expense | | 809 | 937 | 2,230 | 2,756 |
| <i>Working capital adjustments:</i> | | | | | |
| Changes in trade receivables and other receivables | | 10 | (2,940) | 1,257 | 20,860 |
| Changes in contract assets and other long-term receivables | 4 | 42 | 2,115 | 41 | 3,747 |
| Changes in trade and other payables and other liabilities | | 25 | 2,125 | (2,940) | (2,257) |
| Changes in contract liabilities, current provisions and government grants | | (2,458) | 5,040 | (12,555) | 4,031 |
| Changes in non-current provisions | | (9) | (173) | (28) | (4,663) |
| Net cash flows from operating activities | | (13,345) | (8,018) | (49,674) | (9,619) |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | | (901) | (215) | (1,736) | (2,261) |
| Proceeds from sale of market based financial instruments | | — | 9,232 | — | 10,050 |
| Interest received | | — | — | 4,387 | 549 |
| Net cash flows from investing activities | | (901) | 9,018 | 2,651 | 8,337 |
| Cash flow from financing activities | | | | | |
| Proceeds from issuance of equity | | — | — | 828 | 789 |
| Payments of the principal portion of the lease liability | | (243) | (1,504) | (660) | (1,962) |
| Payments of the interest portion of the lease liability | | (57) | (46) | (162) | (160) |
| Interest paid | | — | (20) | — | (32) |
| Net cash flows from financing activities | | (300) | (1,570) | (6) | (1,366) |
| Net increase/(decrease) in cash and cash equivalents | | | | | |
| Cash and cash equivalents at beginning of the year/ period | | 173,583 | 213,279 | 206,386 | 216,231 |
| Net foreign exchange difference | | 95 | (688) | (225) | (1,563) |
| Cash and cash equivalents, end of period | | 159,132 | 212,021 | 159,132 | 212,021 |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

| Amounts in USD '000 | Share capital | Share premium | Other capital reserves | Other components of equity | Retained earnings | Total equity |
|--------------------------------------|---------------|---------------|------------------------|----------------------------|-------------------|----------------|
| Balance at December 31, 2022 | 338 | 83,318 | 11,694 | (3,044) | 64,713 | 157,018 |
| Profit (loss) for the period | — | — | — | — | (29,816) | (29,816) |
| Other comprehensive income | — | — | — | 37 | — | 37 |
| Issue of share capital | 1 | 827 | — | — | — | 828 |
| Share based payments (Note 9) | — | — | 2,230 | — | — | 2,230 |
| Balance at September 30, 2023 | 339 | 84,145 | 13,924 | (3,007) | 34,897 | 130,298 |

| Amounts in USD '000 | Share capital | Share premium | Other capital reserves | Other components of equity | Retained earnings | Total equity |
|--------------------------------------|---------------|---------------|------------------------|----------------------------|-------------------|----------------|
| Balance at December 31, 2021 | 333 | 81,526 | 7,863 | (3,122) | 107,455 | 194,055 |
| Profit (loss) for the period | — | — | — | — | (30,537) | (30,537) |
| Other comprehensive income | — | — | — | 47 | — | 47 |
| Issue of share capital | 1 | 788 | — | — | — | 789 |
| Share based payments (Note 9) | — | — | 2,756 | — | — | 2,756 |
| Balance at September 30, 2022 | 334 | 82,314 | 10,620 | (3,075) | 76,918 | 167,111 |



NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 General Information

The condensed consolidated interim financial statements of Nykode Therapeutics ASA and its subsidiary ("Nykode" or "the Group") for the period ended September 30, 2023 were authorized by the Board of Directors on November 14, 2023. Nykode's shares are traded on the Oslo Stock Exchange, with the ticker symbol NYKD. Nykode Therapeutics ASA is incorporated and domiciled in Norway, and the address of its registered office is Gaustadalléen 21, 0349 Oslo, Norway.

The Group consists of clinical-stage biopharmaceutical companies, dedicated to the discovery and development of novel immunotherapies for the treatment of cancer and autoimmune diseases. Nykode's modular vaccine technology specifically targets antigens to Antigen Presenting Cells, which have been shown to induce broad, strong and long-lasting antigen specific immune responses and eliciting efficacious clinical responses. Nykode's lead product candidates are VB10.16, a therapeutic vaccine for the treatment of human papilloma virus 16 induced malignancies which demonstrated positive efficacy and safety results from its Phase 2 trial for the treatment of cervical cancer; and VB10.NEO, an individualized cancer neoantigen vaccine, which is exclusively out licensed to Genentech Inc. ("Genentech"), a member of the Roche Group. The Group has collaborations with Genentech within oncology and a multi-target collaboration with Regeneron Pharmaceuticals Inc. ("Regeneron") within oncology and infectious diseases.

2 Basis of preparation and significant account policies

The condensed consolidated interim financial statements of the Group comprise statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and selected explanatory notes. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union ("EU"). The condensed consolidated interim financial statements are unaudited.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Nykode's annual financial statements as at December 31, 2022. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of Nykode's annual financial statements for the year ended December 31, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. The interim financial statements are presented in United States dollar (USD) which is also the functional currency of the parent company. Amounts are reported in whole thousands (USD '000) except when otherwise stated. Further, the interim financial statements are prepared based on the going concern assumption.

3 Significant accounting judgements, estimates and assumptions

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

In preparing the condensed consolidated interim financial statements, the significant judgments, estimates and assumptions made by management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those applied to Nykode's annual financial statements for the year ended December 31, 2022.

4 Operating segment and Revenue from contracts with customers

The Group is organized as one operating segment.

In the table below non-current assets are broken down by geographical areas based on the location of the operations:

| Non-current assets | 30/09/2023 | 31/12/2022 |
|---------------------------------|---------------|--------------|
| Norway | 10,131 | 9,553 |
| Denmark | 978 | 51 |
| Total non-current assets | 11,109 | 9,604 |

Revenue from contracts with customers

Revenue from contracts with customers relates to Nykode's delivery of R&D activities to Genentech and Regeneron under the respective agreements.

| Revenue from contracts with customers | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---------------------------------------|--------------|------------|---------------|--------------|
| Major products and services | | | | |
| R&D services | 2,760 | 648 | 10,886 | 4,478 |
| Total revenue | 2,760 | 648 | 10,886 | 4,478 |

| Geographical distribution | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---------------------------|--------------|------------|---------------|--------------|
| United States of America | 2,760 | 648 | 10,886 | 4,478 |
| Total revenue | 2,760 | 648 | 10,886 | 4,478 |

The revenue information above is based on the location of the customers.

| Timing of revenue recognition | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---|--------------|------------|---------------|--------------|
| Goods/services transferred at a point in time | 119 | 277 | 831 | 673 |
| Services transferred over time | 2,641 | 371 | 10,055 | 3,805 |
| Total revenue | 2,760 | 648 | 10,886 | 4,478 |

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at September 30. are as follows:

| | 2023 | 2022 |
|--------------------|---------------|---------------|
| Within one year | 6,716 | 12,574 |
| More than one year | 3,734 | 11,452 |
| Total | 10,450 | 24,026 |

The remaining performance obligations expected to be recognized within one year and in more than one year relates to the R&D services under the agreement with Genentech.

| Contract assets/liabilities (-) | 30/09/2023 | 31/12/2022 |
|--|-----------------|-----------------|
| At 1 January | (19,736) | (16,044) |
| Transferred to trade receivables | (542) | (10,000) |
| Rendering of services in the period | 10,055 | 6,308 |
| Total contract assets/liabilities (-) | (10,223) | (19,736) |

The changes to contract assets/liabilities in the period are related to fulfilling the performance obligation related to the service component under the agreement with Genentech, less the amount transferred to trade receivables.

5 Government grants

Grant from SkatteFUNN

The Group no longer has any active R&D projects approved by SkatteFUNN (a Norwegian government R&D tax incentive program designed to stimulate R&D in Norwegian trade and industry) following expiry of the final project in June 2023. The Group has recognized USD 0.0 million in the third quarter of 2023 (Q3 2022: USD 0.1 million) and USD 0.1 million for the nine months ended September 30, 2023 (YTD 2022: USD 0.3 million) classified as other income.

The Group had no government grant receivables related to SkatteFUNN as at September 30, 2023 and USD 0.5 million as at December 31, 2022.

Grants from the Research Council of Norway

The Group currently has two grants from the Research Council of Norway, programs for user-managed innovation area (BIA). The first grant ("Development of a highly efficient and robust manufacturing process for personalized DNA vaccines") amounts to a total of USD 2.7 million and covers the period from January 2020 to March 2024. The second grant ("Second generation COVID-19 vaccine on the Vaccibody platform") amounts to a total of USD 1.7 million and covers the period from January 2021 to November 2023.

The Group has recognized USD 0.1 million in the third quarter of 2023 (Q3 2022: USD 0.1 million) and USD 0.3 million for the nine months ended September 30, 2023 (YTD 2022: USD 0.6 million) classified as other income.

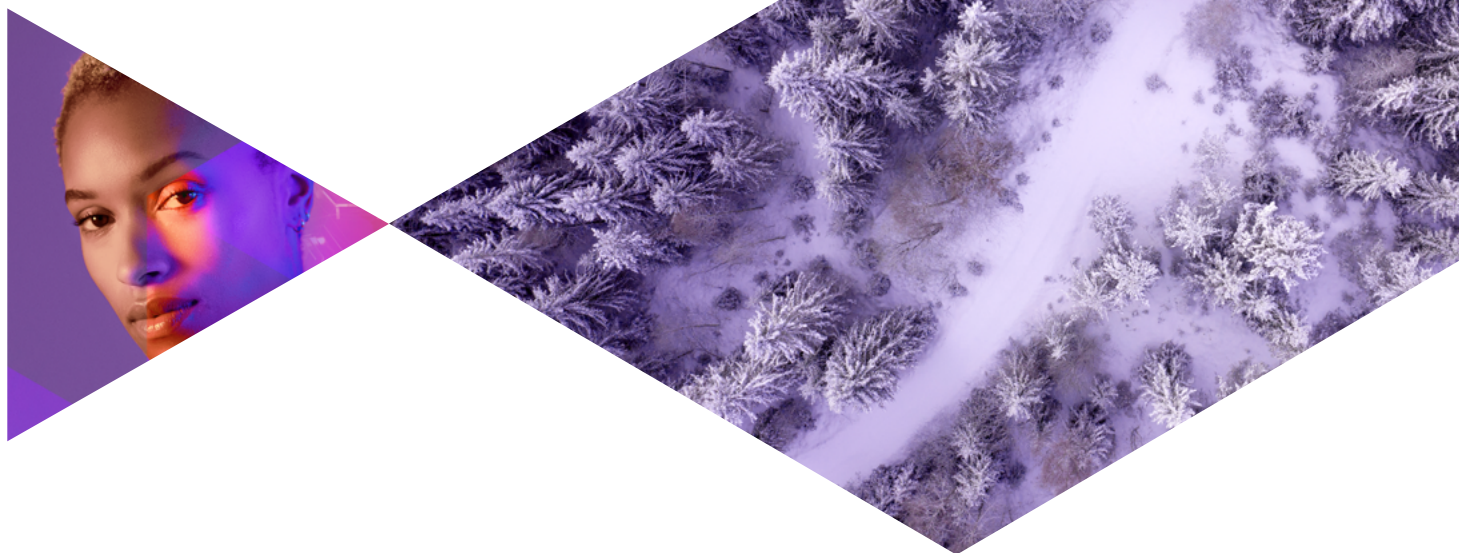
The Group had net grant payables related to grants from the Research Council of Norway of USD 0.2 million as at September 30, 2023 and net grant receivables of USD 0.2 million as at December 31, 2022.

6.1 Employee benefit expenses

Due to the decrease in Nykode's share price during the first nine months of 2023 and 2022, there is a corresponding decrease in the accrual for social security tax related to share-based payments. For the nine months ended September 30, 2023 this resulted in a decrease of employee benefit expenses of USD 0.4 million, compared to an decrease of USD 7.0 million for the nine months ended September 30, 2022. The decrease for the third quarter of 2023 was USD 0.1 million, compared to a decrease of USD 0.4 million in the third quarter of 2022.

6.2 Other operating expenses

Other operating expenses consisted mainly of research and development expenses, consulting fees and legal expenses in the nine months ended September 30, 2023 and 2022. Total research and development expenses were USD 12.6 million in the third quarter of 2023 (Q3 2022: USD 17.2 million), and USD 39.4 million in nine months ended September 30, 2023 (nine months ended September 30, 2022: USD 35.6 million), recognized as employee benefit expenses, other operating expenses and depreciation in the statement of comprehensive income.



7 Equity and Shareholders

Issued capital and reserves:

| | Number of shares authorized and fully paid | Par value per share (NOK) | Share capital (USD '000) |
|--|---|------------------------------|-----------------------------|
| Share capital in Nykode Therapeutics ASA | | | |
| At January 1, 2022 | 289,619,409 | 0.01 | 333 |
| <i>Share capital increase</i> | | | |
| February 2, 2022 | 300,000 | 0.01 | — |
| April 8, 2022 | 150,000 | 0.01 | — |
| At September 30, 2022 | 290,069,409 | 0.01 | 333 |
| December 20, 2022 | 3,834,900 | 0.01 | 4 |
| December 22, 2022 | 790,000 | 0.01 | 1 |
| At December 31, 2022 | 294,694,309 | 0.01 | 338 |
| <i>Share capital increase</i> | | | |
| February 1, 2023 | 800,000 | 0.01 | 1 |
| At September 30, 2023 | 295,494,309 | 0.01 | 339 |

The share capital increases in the periods are all related to the exercise of warrants.

All shares are ordinary and have the same voting rights and rights to dividends.

Nvkode's shareholders:

| Shareholders in Nykode Therapeutics ASA at September 30, 2023 | Total shares | Ownership/ Voting rights |
|---|--------------------|-----------------------------|
| RASMUSSENGRUPPEN AS | 30,180,750 | 10.21 % |
| Datum Opportunity As | 26,000,000 | 8.80 % |
| Radforsk Investeringsstiftelse | 24,057,000 | 8.14 % |
| Victoria India Fund As | 17,255,175 | 5.84 % |
| Datum As | 12,060,250 | 4.08 % |
| Norda Asa | 7,996,755 | 2.71 % |
| Vatne Equity As | 7,450,000 | 2.52 % |
| Joh Johannson Eiendom As | 6,937,641 | 2.35 % |
| Om Holding As | 6,519,525 | 2.21 % |
| Skøien As | 5,397,604 | 1.83 % |
| Hortulan As | 5,272,308 | 1.78 % |
| Portia As | 4,500,000 | 1.52 % |
| Krag Invest As | 4,470,100 | 1.51 % |
| Alden As | 3,702,500 | 1.25 % |
| Skips As Tudor | 3,075,000 | 1.04 % |
| Borgano As | 3,000,000 | 1.02 % |
| Danske Invest Norske Instit. Ii. | 2,402,000 | 0.81 % |
| Lani Invest As | 2,399,916 | 0.81 % |
| Datum Finans As | 2,395,500 | 0.81 % |
| The Northern Trust Comp, London Br | 2,383,699 | 0.81 % |
| Other Shareholders | 118,038,586 | 39.95 % |
| Total | 295,494,309 | 100.00 % |

8 Financial instruments

Set out below is an overview of financial assets and liabilities held by the Group as at September 30, 2023 and December 31, 2022:

| | Financial instruments at amortized cost | Financial instruments at fair value through profit or loss | Total |
|---------------------------------------|---|---|----------------|
| As at September 30, 2023 | | | |
| Assets | | | |
| Other long-term receivables | 5 | — | 5 |
| Trade receivables | 542 | — | 542 |
| Other receivables | 3,687 | — | 3,687 |
| <i>Other current financial assets</i> | | | |
| Cash and cash equivalents | 159,132 | — | 159,132 |
| Total financial assets | 163,366 | — | 163,366 |
| Liabilities | | | |
| Trade and other payables | 7,001 | — | 7,001 |
| Non-current lease liabilities | 4,387 | — | 4,387 |
| Current lease liabilities | 1,410 | — | 1,410 |
| Total financial liabilities | 12,798 | — | 12,798 |
| As at December 31, 2022 | | | |
| Assets | | | |
| Other long-term receivables | 46 | — | 46 |
| Trade receivables | 2,544 | — | 2,544 |
| Other receivables | 2,943 | — | 2,943 |
| <i>Other current financial assets</i> | | | |
| Cash and cash equivalents | 206,386 | — | 206,386 |
| Total financial assets | 211,919 | — | 211,919 |
| Liabilities | | | |
| Trade and other payables | 10,175 | — | 10,175 |
| Non-current lease liabilities | 4,365 | — | 4,365 |
| Current lease liabilities | 1,147 | — | 1,147 |
| Total financial liabilities | 15,688 | — | 15,688 |

There are no changes in the classification and measurement of the Group's financial assets and liabilities.

9 Share based payments

The following tables illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the periods:

| | 2023 | 2023 |
|--|--------------|-------------------|
| | WAEP (NOK) | Number |
| Outstanding options at January 1 | 28.52 | 10,511,058 |
| Options granted | 28.46 | 2,906,805 |
| Options forfeited | 29.92 | (214,471) |
| Options exercised | 10.25 | (800,000) |
| Options expired | — | — |
| Outstanding options at September 30 | 29.44 | 12,403,392 |

| | 2022 | 2022 |
|---|--------------|-------------------|
| | WAEP (NOK) | Number |
| Outstanding options at January 1 | 18.20 | 13,507,698 |
| Options granted | 34.39 | 2,639,383 |
| Options forfeited | 39.38 | (561,123) |
| Options exercised | 3.33 | (5,074,900) |
| Options expired | — | — |
| Outstanding options at December 31 | 28.52 | 10,511,058 |

10 Events after the reporting date

On October 23, 2023, the company received a letter from the NTA where they reiterated their position that the up-front payments received under a license agreement entered into in 2020 should be recognized as taxable income in full in 2020, rather than the use of taxable gain/loss account whereby part of the taxable income would be deferred to subsequent years. The decision will generate a payable to the NTA of approximately USD 30 million in the fourth quarter of 2023. Nykode continues to believe that the use of taxable gain/loss account is the appropriate treatment, a view which has also been confirmed with third party tax experts. Nykode will appeal the decision and the company is now expected to settle the payable to the NTA while it awaits the outcome of such appeal (as is mandatory under Norwegian law).

On October 25, 2023 the company completed a private placement, whereby the company issued 29,549,400 new shares raising gross proceeds of USD 45 million.





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